



FACT SHEET

U.S.-Panama Trade Promotion Agreement Alabama Farmers Will Benefit

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The U.S.-Panama Trade Promotion Agreement eliminates tariffs and other barriers on most U.S. goods, increasing export opportunities for agricultural products important to Alabama. With immediate elimination of duties on over 60 percent of current U.S. trade, this agreement changes the one-way street of duty-free access currently enjoyed by most Panamanian exports into a two-way street benefiting both countries. The American Farm Bureau strongly supports the agreement, predicting widespread gains for U.S. agriculture exceeding \$190 million per year.

Alabama's exports to all countries, estimated at \$616 million in 2007, supported about 6,560 jobs, on and off the farm. These export sales make an important contribution to the Alabama farm economy which had total cash receipts of \$3.7 billion in 2007.

Poultry Meat. With cash receipts of \$2.4 billion in 2007, broilers are Alabama's leading agricultural industry accounting for nearly 60 percent of the total farm earnings. Poultry and poultry products are also the state's top agricultural export. From 2004 through 2006, U.S. suppliers shipped an average 5,700 tons of poultry meat valued at \$7 million to Panama each year. However, exports are mostly limited to turkey cuts and whole turkeys due to a 260-percent tariff on broiler leg quarters. Alabama's poultry industry will benefit from this agreement.

- The 260-percent tariff currently applied to chicken cuts will be eliminated immediately for mechanically de-boned chicken, within 5 years for wings and 10 years for other chicken cuts except leg quarters.
- Panama will provide immediate duty-free access within a preferential tariff-rate quota (TRQ) for chicken leg quarters that starts at 660 tons and grows each year by 10 percent. The 260-percent over-quota tariff will be eliminated in 18 years.
- U.S. poultry exporters will continue to have access to the global 756-ton TRQ for chicken cuts that is part of Panama's World Trade Organization commitments.
- Panama will eliminate its 15-percent duties on turkey meat immediately for frozen whole turkeys and most frozen turkey cuts. The 15-percent tariffs on processed turkey and chicken will be eliminated within 5 years.
- In addition, Panama has already implemented our December 2006 bilateral agreement on sanitary and phytosanitary (SPS) measures by recognizing the

equivalence of the U.S. poultry inspection and disease monitoring systems, allowing U.S. inspectors to certify poultry for export to Panama without having each facility and shipment inspected by Panamanian authorities.

Beef. As the second largest source of farm cash receipts for the state, Alabama's cattle and calf industry will benefit from this agreement.

- Panama will immediately eliminate its 30-percent duty on beef products of most importance to the U.S. beef industry--prime and choice cuts. Panama's tariffs on other cuts of beef will be phased out over 15 years.
- The 10-percent tariff on beef tongues and livers will be eliminated in 5 years, and the 15-percent tariffs on other edible offal will be eliminated immediately.
- Panama has already implemented our December 2006 bilateral agreement on SPS measures, reopening its market to U.S. beef by bringing its import requirements related to BSE into compliance with international standards.
- Panama also accepted the equivalence of the U.S. meat inspection system, which allows U.S. inspectors to certify beef for export to Panama without having each facility and shipment inspected by Panamanian authorities.

Peanuts. As the nation's third largest exporter, Alabama peanut growers will benefit from this agreement.

- Panama will eliminate its 15-percent tariff on most peanut products immediately.
- The tariff on roasted peanuts will be eliminated in 5 years.